

Better Buildings Residential Network Peer Exchange Call Series

The Big Heat Pump Push: How Are Programs, Contractors, and the Grid Responding?

December 8, 2022



## Agenda and Ground Rules

- Agenda Review and Ground Rules
- Residential Network Overview and Upcoming Call Schedule
- Opening Poll
- Featured Speakers
  - Courtney Moriarta, New York State Energy Research & Development Authority
  - Zachary Strauss, Atlas Public Policy
- Open Discussion
- Closing Poll and Announcements

#### **Ground Rules:**

- 1. Sales of services and commercial messages are not appropriate during Peer Exchange Calls.
- 2. Calls are a safe place for discussion; **please do not attribute information to individuals** on the call.

The views expressed by speakers are their own, and do not reflect those of the Dept. of Energy.





## Better Buildings Residential Network

## Join the Network

## **Member Benefits:**

- Recognition in media, social media and publications
- Speaking opportunities
- Updates on latest trends
- Voluntary member initiatives
- One-on-One brainstorming conversations

## **Commitment:**

Members only need to provide one number: their organization's number of residential energy upgrades per year, or equivalent.

## **Upcoming Calls (2<sup>nd</sup> & 4<sup>th</sup> Thursdays):**

- 1/12: Public Roundtable The Inflation Reduction Act (IRA): Residential Energy Rebates and Contractor Training Program
- 1/26: Right-Sizing Equipment Vs. Wrong-Sizing How Not to Waste Energy

Peer Exchange Call summaries are posted on the Better Buildings website a few weeks after the call







Courtney Moriarta

New York State Energy Research & Development Authority



# BBRN Peer Exchange: The Big Heat Pump Push – How Programs, Contractors, and the Grid are Responding

Courtney Moriarta, Director of Single Family Residential December 2022



# NYS Climate Leadership and Community Protection Act of 2019 (Climate Act)

## Establishes the most aggressive GHG reduction goals of any major economy

- GHG Reduction Goals: 40% by 2030, 85% by 2050
- 70% renewable energy by 2030, 100% zero emission electricity by 2040
- Commitments to environmental justice, disadvantaged communities, and just transition
- Establishes the state's first Climate Action Council, Final Scoping Plan due December 2022

## 2022 Policy: Develop a Plan for 2 Million Climate Friendly Homes by 2030

- > 1 million fully electrified homes
- > 1 million electrification-ready homes
- > 800,000 of the 2 million to be LMI households
- > Multi-agency effort (NYSERDA, DPS, HCR, DOS)

## New Efficiency New York and NYS Clean Heat

NYSERDA and utilities working together to impact the market with nearly \$700 million in investments









## **Build Consumer Demand**

- Statewide Marketing Campaign: Increase awareness and education and promote benefits while supporting the supply chain with resources and cooperative advertising
- Community Outreach: Support local grassroots education, awareness, lead generation and aggregation campaigns
- Critical Tools: Assess project feasibility, accelerate customer decision-making, and lower acquisition costs
- Technical Assistance: Residential energy audits, no-cost technology screenings or feasibility studies for large buildings

# **Heat Pump Planner**

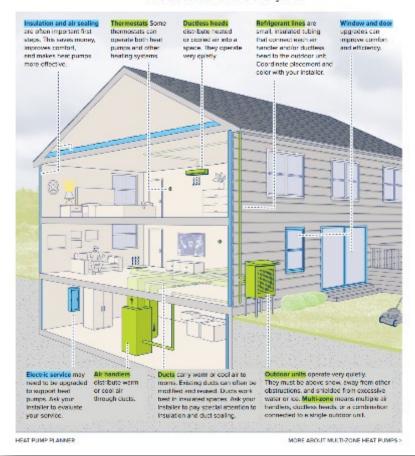
PDF version launched in 2021 Interactive version launched October 2022

nyserda.ny.gov/allprograms/Heat-Pump-Planner/Heat-Pump-Planner

#### Multi-Zone Heat Pump for a Two-Story Home

Heat pumps use electricity to provide clean, efficient heating and cooling.

- Proven technology heats and cools homes year-round across New York State
- One system provides comfort in both summer and winter
- Healthy and safe with no fuels, carbon monoxide, or window air conditioners
- · Affordable with rebates, financing options, and low operating costs
- Clean and green with reduced greenhouse gas emissions.
- · Versatile solution for new or existing homes



#### Multi-Zone Air Source Heat Pumps

#### key considerations

#### Features

- Save space outdoors with multiple indoor units connected to one outdoor unit
- Control temperature in different areas of the home
- Options for both ducted and ductiess heating and cooling
- · Quiet and efficient operation
- Eliminate window air conditioners

#### **Types of Indoor Units**

Multi-zone heat pumps allow you to "mix and match" ducted air handlers and ductiess "heads." Each should be sized to meet specific heating and cooling needs of the space it serves. Your installer can suggest the best options based on those needs, configuration of the home, and location of ducts (if present), Options include:



#### are among the most common and versatile.

Low-wall ductioss head may be installed where radiators once were. Do not block them with furniture.

#### icted air handlers

come in a wide range of configurations. Some serve a single room; others can serve most of a home. Each indoor unit can have its own thermostat, but all indoor units connect to a signific outsions units

#### Ask Your Installer

- What size units do I need? Ask for room-by-room heating and cooling calculations.
- Can heat pumps sufficiently heat my home or is an additional system needed?
- What is the best location for each indoor unit?
   Can we avoid heads directly above where people sit or sleep?
- What are my options for locating the outdoor unit(s)?
- How long will installation take? Where and when will you need access?
- How do I operate my system for optimal comfort and efficiency?
- What meintenance is required? How often should I clean or change air filters? Is annual service needed?
- · What is the expected lifespan and warranty?

#### **Cost Considerations**

#### Installation Cost

- Check with NYSERDA, your electric company, and installer for incentives and financing options as larger incentives may be available for eligible customers.
- Each zone adds cost, so use fewer zones when practical.
- Cost varies with region, heat pump size, manufacturer, installation complexity, and installer experience

#### Operating Cost

- Your overall heating costs will likely decrease if switching from oil, properie, or electric baseboard
- If you previously heated with fuel, don't be surprised to see electric bills rise; however, gas, oil, or propane bills will drop or disappear
- Efficient homes (windows, doors, insulation, air sealing) have much lower operating costs



This document is part of NYSERON's Heat Pump Planner.

Learn more at myserda.ny.gov/HeatPumpPlanner

CHC-STR-HP-planner-Zarra-I-v2 7/21





## Support low- to moderateincome (LMI) households

- Develop Best Practices: Outline heat pump types
   and install process for common LMI building types
- Demonstrations and Pilots: Identify replicable models for heat pump deployment
- Financial Support: Test out models for providing financial incentives and integrated energy-efficiency heat pump solutions for LMI households
- Education: Teach consumers how to operate and maintain heat pump systems

\$5 Million LMI heat pump demonstration study \$23 Million dedicated to electrification for HEAP recipients



## **Build Supply Chain**

- Market Insight: Collect input from distributors, vendors, and original equipment manufacturers to identify opportunities and strategies
- Partnerships: Align with utilities to engage heat pump manufacturers and distributors directly to increase investment and accelerate uptake
- Trade Ally Support: Provide business development support, tools, and resources



# HVAC Ecosystem



















**HVAC Contractors** 









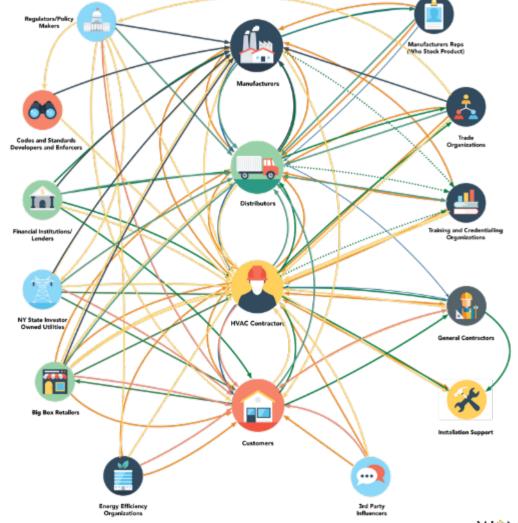




**General Contractors** 



Installation Support





# HVAC Ecosystem Map



#### Contractor: Profile

#### Characteristics

Though there are different kinds of HVAC Co responsible for the installation, service and m conditioners and heat pumps. Businesses are smaller companies, one person may manage

Some HVAC contractors may choose to narro determined by local market demand and hou service contracts and consider their custome A long-time service customer is very likely to system installations are the largest source of priority, and helps to assure the sale of a new In New York State, there are no statewide regand leaves much of the repair and installation licenses include:

- New York City
- Buffalo
- Ithaca
- Syracuse
- Albany



#### Motivations to Install Technology

From the RBSA HVAC Market Assessment:

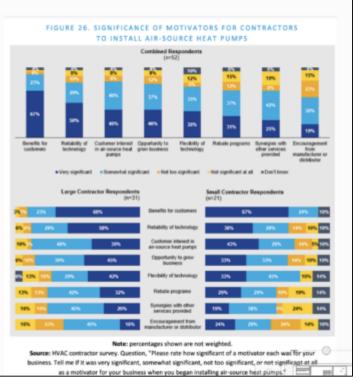
When asked to rate the significance of particular motivators for respondents to install air-source heat pumps, the top three were:

- Benefits for customers
- Customer interest in the technology
- Reliability of the technology.

Figure 26 shows that 90% of respondents rated benefits for customers as significant, with 67% specifically rating it as very significant. Eighty percent rated customer interest in air-source heat pumps as significant, with 40% specifically rating it as very significant. 79% of respondents rated reliability of technology as significant, with 50% specifically rating it as very significant. Large and small contractors differed somewhat on their top three significant motivators. Benefits for customers emerged as the top motivator for both types of contractors. However, large contractors rated reliability of technology and opportunity to grow business as their other top motivators. Small contractors rated customer interest and reliability of technology as their other top motivators.

Click for link to RBSA MHVAC Market Assessment







# HVAC Ecosystem Map



## Contractor: Profile

#### Characteristics

Though there are different kinds of HVAC Contractors depending on the company size and services offered - at their core - they are responsible for the installation, service and maintenance of heating and cooling systems in homes which include furnaces, boilers, air

conditioners and heat pumps smaller companies, one pers

Some HVAC contractors may determined by local market of service contracts and consid A long-time service custome system installations are the lapriority, and helps to assure 1 In New York State, there are and leaves much of the repalicenses include:

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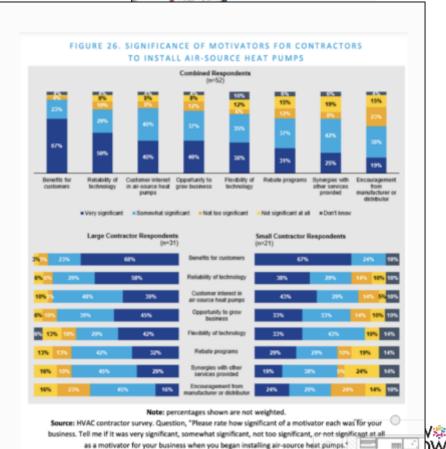
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Click for link to RBSA MHVAC Market Assessment





Actor Interactions

## Clean Heat Connect Upstream Partner Network

## **Clean Heat Connect**

Clean Heat Connect is a network of distributors and manufacturers dedicated to expanding the adoption of heat pumps in homes across New York State. Find distributor and manufacturer hosted trainings, learn about sales and marketing strategies, and explore resources from NYSERDA, NEEP and trusted partners.

VIEW ALL INSTALLER RESOURCES →





https://cleanheatconnect.ny.gov

## Clean Heat Connect Resources







## JOIN THE NYS CLEAN **HEAT PROGRAM**

Join the NYS Clean Heat Program to provide clean, comfortable, and economical heating and cooling to your customers.

#### Provide rebates to your customers

#### Earn contractor rewards for your HVAC installations

Incentives offered in NYSEG, RG&E. National Grid, Central Hudson, Orange & Rockland, and Con Edison electric territories.

Incentives are available for installation of cold-climate air-source heat pumps (ASHP), ground-source heat pumps (GSHP) (geothermal), and heat pump water heaters (HPWH).

#### **ASHP Installer Application Materials**

- » Two-Minute Online Application
- » Utility-Specific Participation Agreement\*
- » Utility-Specific General Liability COI\*
- » Copy of W9
- » ASHP Manufacturer-Sponsored Installation Training Certificate
- » ASHP Manufacturer-Sponsored Cold Climate ASHP Sizing/Design Training Certificate
- » EPA 608 Technician Certificate

#### **GSHP Installer Application Materials**

- » Two-Minute Online Application
- » Utility-Specific Participation Agreement\*
- » Utility-Specific General Liability COI\*
- » Copy of W9
- » International GSHP Association (IGSHPA) Training Certificate

#### **HPWH Installers**

» Apply for Incentives Without Program Enrollment



Apply to become a :: participating contractor now



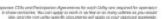
For more information, please email NYSCleanHeat@icf.com or call 1-844-212-7823











# Short Take Videos (installation and marketing)

## Installation

Learn the best installation techniques from professional heat pump installers.



#### Flare Fitting

Learn best practices for creating a long-lasting, durable flare connection.



### Sizing, Design, and Product Selection

Key Takeaways:

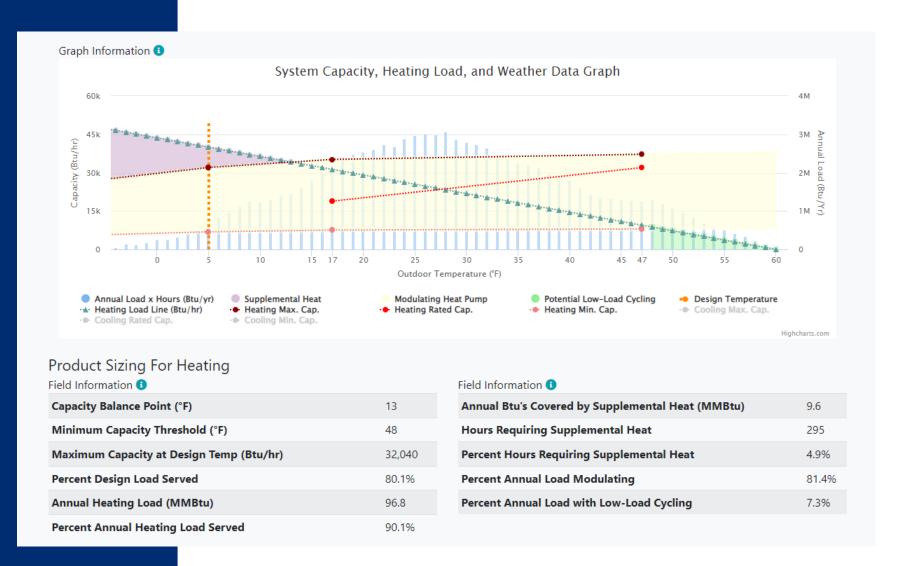
- Manual J is the industry standard for accurately sizing a heat pump system.
- Trust your Manual J there is no need to oversize a heat pump system, especially when the house is properly insulated.
- 3. Pick a heat pumps that has enough capacity at the heating design temperature to cover the load. It's not enough to look at the nominal capacity because heat pumps lose capacity as it gets colder — and some more than others.
- Customers are regularly reporting increased savings and comfort, valuable feedback that can help you sell more units.
- Ask your customers what their needs are there are a variety of heat pumps that can be mixed and matched to meet your customer's needs.

## ccASHP Equipment Selection Visualization Tool

ashp.neep.org

Select "Advanced Search - Sizing for Heating"

Teaching tool, helps technicians understand and assess seasonal performance tradeoffs for variable speed heat pump equipment







## Get Homes Heat Pump Ready

- Comfort Home: Develop and promote building envelope packages for consumers, in coordination with utilities
- Reduce Customer Acquisition Costs: Simplify envelope packages and incentives to reduce customer acquisition costs
- Increase Contractor Base: Support new business models and enable more businesses to offer envelope and heat pump services
- Utility Coordination: Provide additional heat pump incentives following installation of envelope improvements

# Summary

## Questions?

Contact:

Courtney.Moriarta.nyserda.ny.gov

# New York State is leading the way for cold climate housing decarbonization solutions

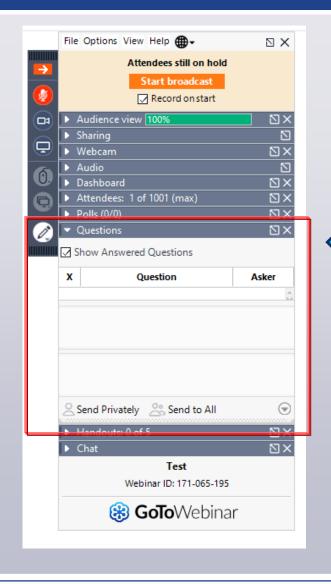
## **Multi-disciplined, Multi-faceted Approach:**

- Build Consumer Demand
- Support LMI Market Segment
- Develop a Supply Chain
- Get Homes Heat Pump Ready

## **Key Strategies:**

- Build industry partnerships early
- Listen and learn from the market, design solutions that respond to their needs
- Look for low cost, high impact opportunities
- Learn and iterate

## **Discussion: Share Your Questions**



Please use the questions box to submit questions, comments, or alert us of technical difficulties







Zachary Strauss
Atlas Public Policy







A DC-based policy tech firm established 2015

Atlas Public Policy equips businesses and policymakers to make strategic, informed decisions that serve the public interest. Atlas builds analytical tools and dashboards using powerful, accessible technology, and offers expert advisory services to tackle the pressing issues of the day.

Disinformation

Transportation Buildings Climate

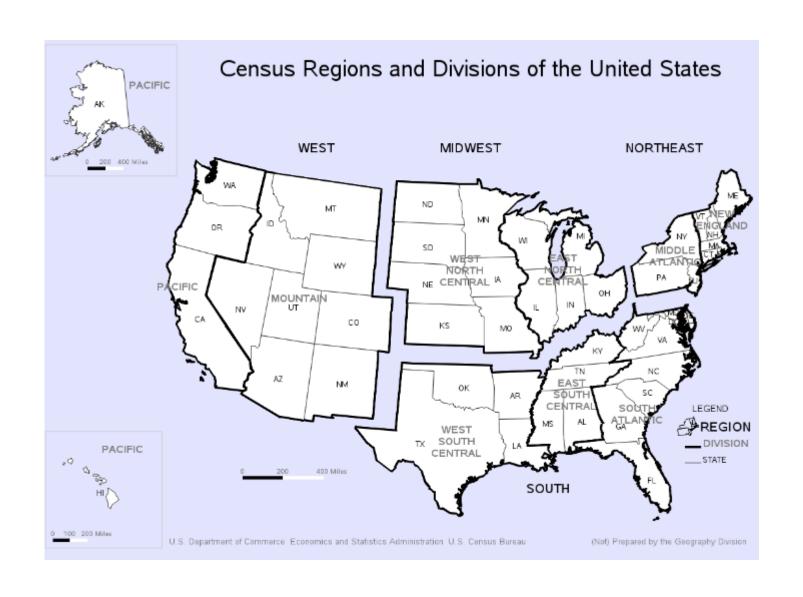
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  - Funding Programs
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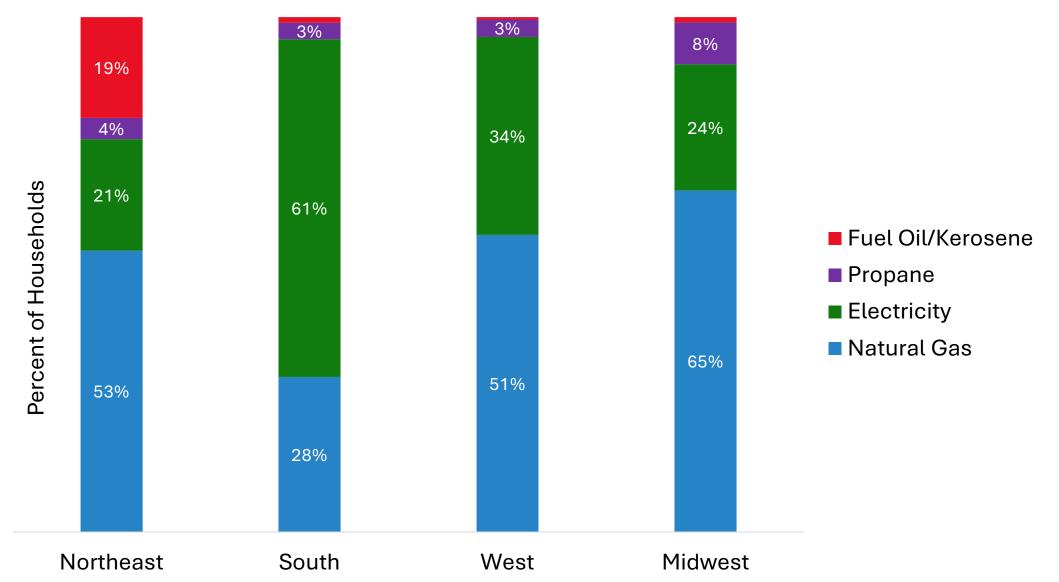
Join today: www.atlasbuildingshub.com

## U.S. CENSUS REGIONS USED IN RECS SURVEY DATA

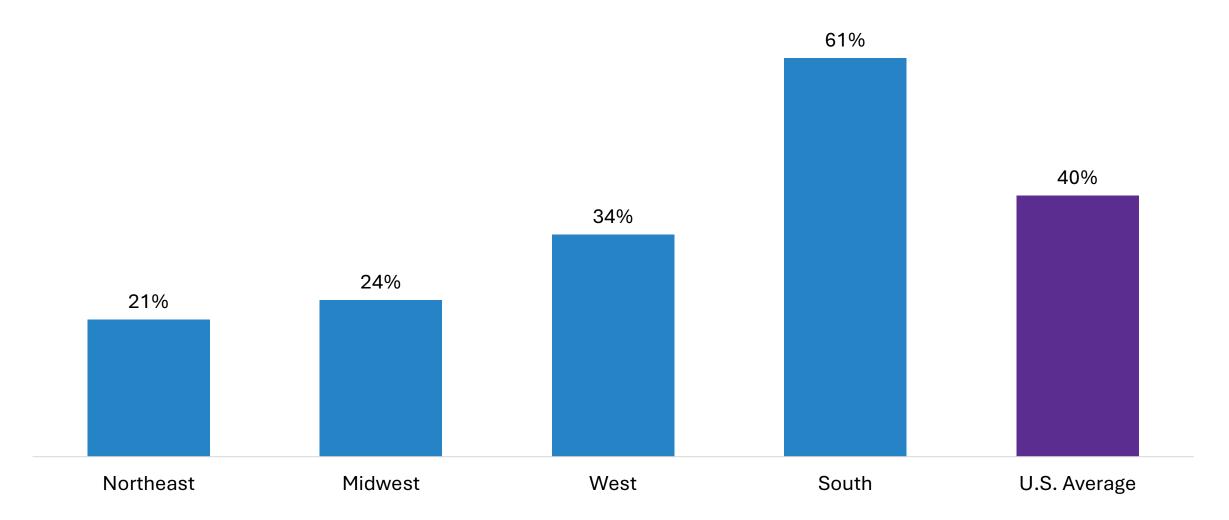


NATIONAL HOME HEATING OVERVIEW

## Primary Home Heating Mix by Fuel and Census Region (2020)



# Two out of five U.S. households use electricity for primary space heating Percent of region households with primary electric heating (2020)

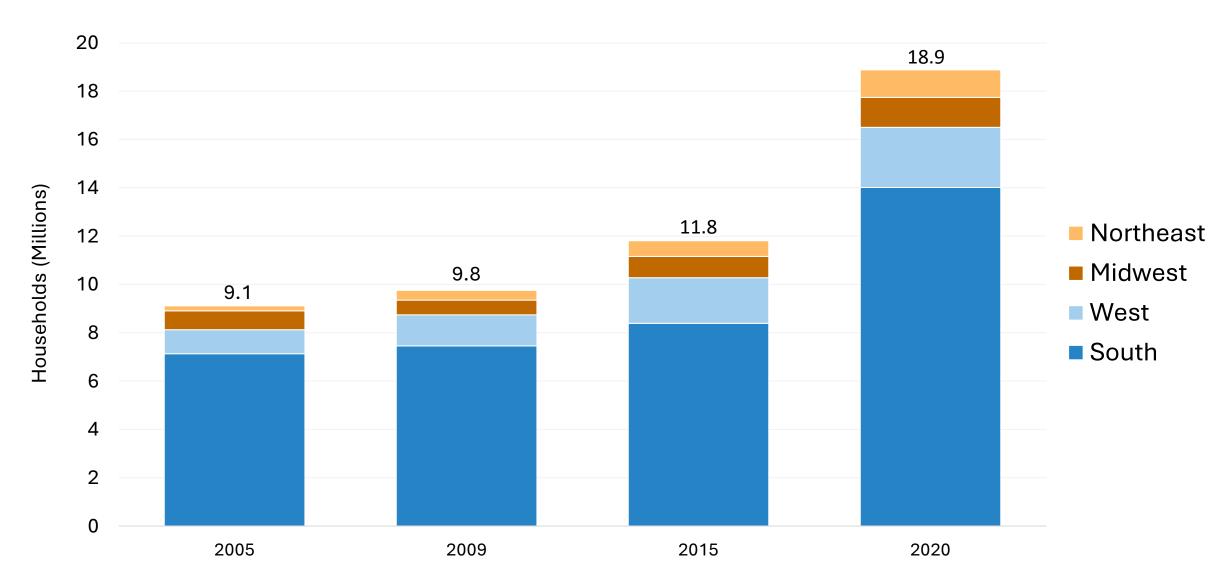




NATIONAL HEAT PUMP OVERVIEW

## Number of U.S. households with primary heat pumps doubled over 15 years

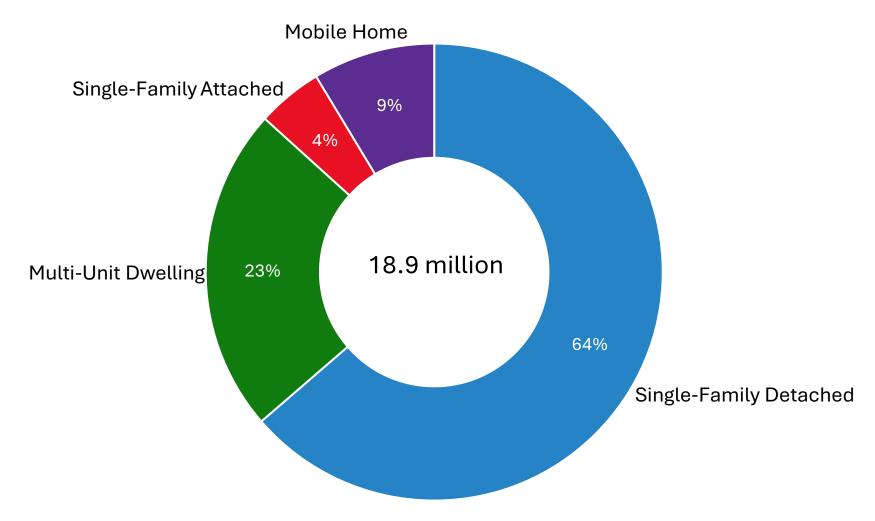
Households with heat pumps as main heating equipment by region between 2005 and 2020 (millions)



Source: EIA RECS Survey | Analysis: Atlas Public Policy

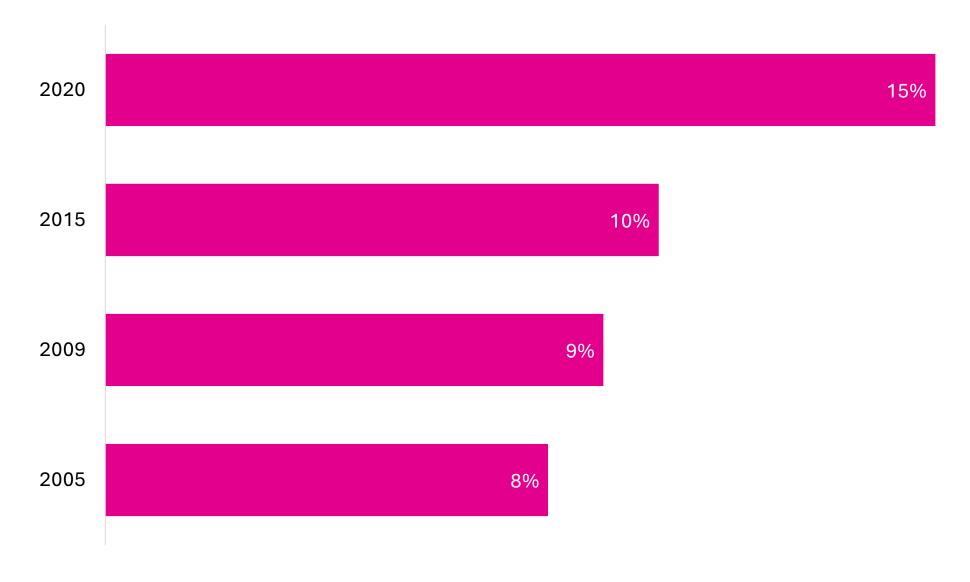
## Two-thirds of heat pumps in stand-alone, single-family homes

Share of U.S. households with primary electric heat pumps, by housing type



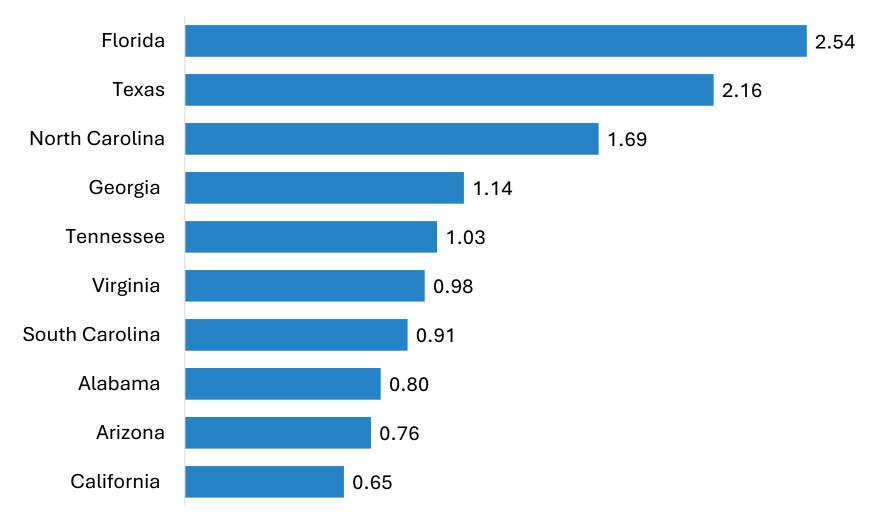
Source: EIA RECS Survey 2020 | Analysis: Atlas Public Policy

## Percent of U.S. Households with Primary Electric Heat Pumps (2005-2020)



## Southern states sweep heat pump deployments in absolute numbers

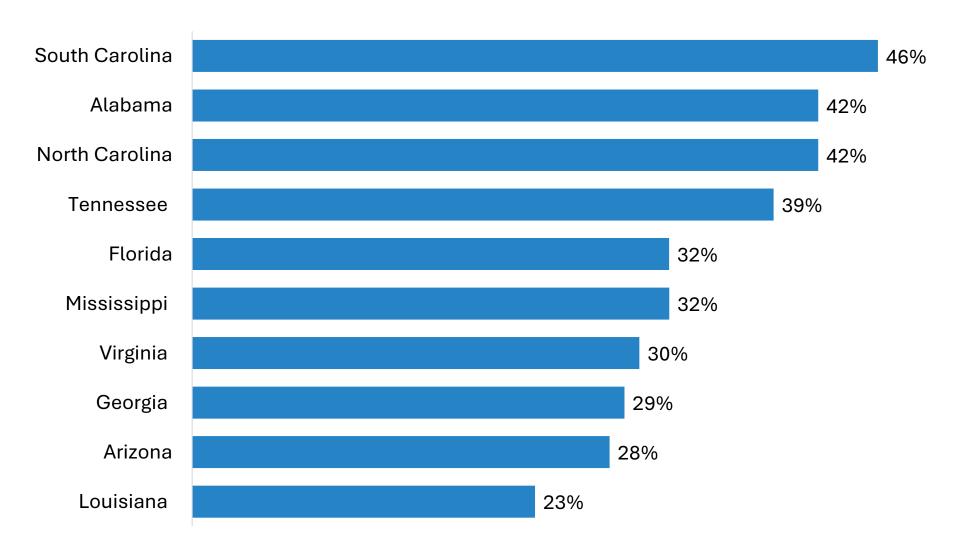
Households with central heat pumps as primary space heating equipment by state in 2020 (millions)



Source: EIA RECS Survey 2020 | Analysis: Atlas Public Policy

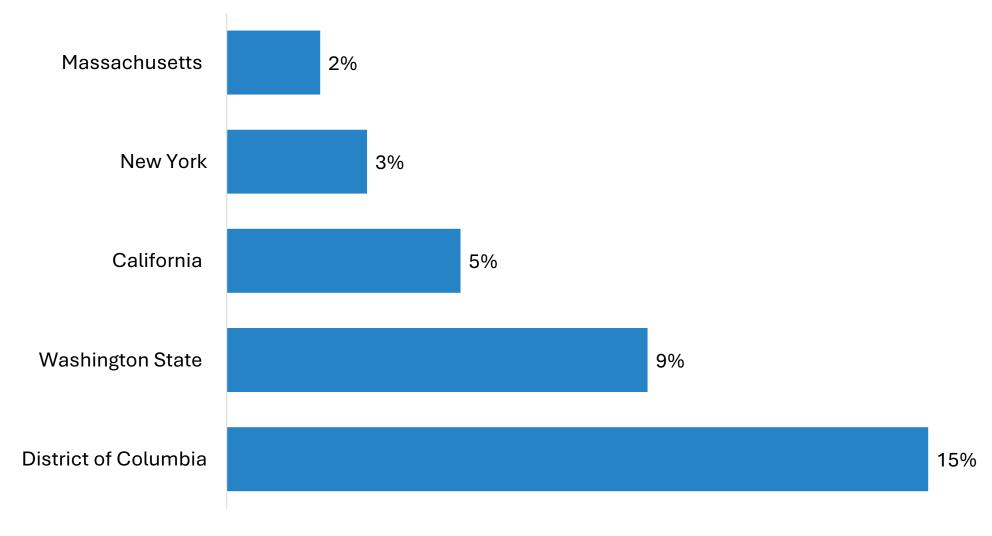
## Southern states have highest residential heat pump uptake

Share of state households with primary central heat pumps for space heating (2020)



## Policy-Forward Electrification States Lag Behind in Heat Pump Deployment

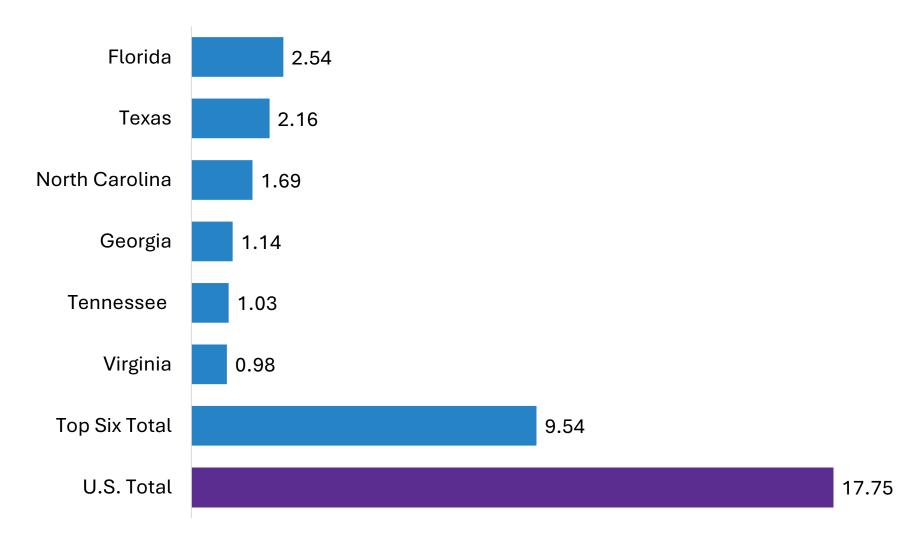
Share of state households with primary central heat pumps for space heating (2020)



Source: EIA RECS Survey 2020 | Analysis: Atlas Public Policy

#### Over half of central heat pumps in U.S. concentrated in six states (2020)

Households with central heat pumps as main space heating equipment by state (millions)



Source: EIA RECS Survey 2020 | Analysis: Atlas Public Policy



### DEFENSE PRODUCTION ACT

President Biden Issued an
Executive Order in June 2022 to
invoke Defense Production Act,
which will accelerate production
of five key clean energy
technologies, notably heat pumps
and insulating material

\$250 million specifically allocated in Inflation Reduction Act to implement Defense Production Act; will support rapid production of heat pumps in conjunction with the Executive Order

### DEPARTMENT OF ENERGY REGULATIONS

- Federal Building Performance Standard (30% electrification by 2030)
- DOE proposed new gas furnace efficiency standard of >95% for 2029, which would encourage adoption of heat pump technology
- First update to gas furnace efficiency standard since 1987
- DoE updated mobile home efficiency standards, particularly pertaining to insulation and sealing



## RECENT DEPARTMENT OF ENERGY GRANT PROGRAMS

Community <u>Geothermal</u>
Heating/Cooling Design &
Deployment
(\$13 Million, Applications
Closed October 2022)

Clean Energy Technology
Deployment on <u>Tribal</u>
<u>Lands</u>
(\$20 Million, Currently
Open)

# INFLATION REDUCTION ACT

### Tax Credits

#### Residential Clean Energy Credit (25D)

- 30% subsidy on purchase and installation of geothermal heat pump
- Credit is annual over 10-year period, but not refundable

#### Nonbusiness Energy Property Credit (25C)

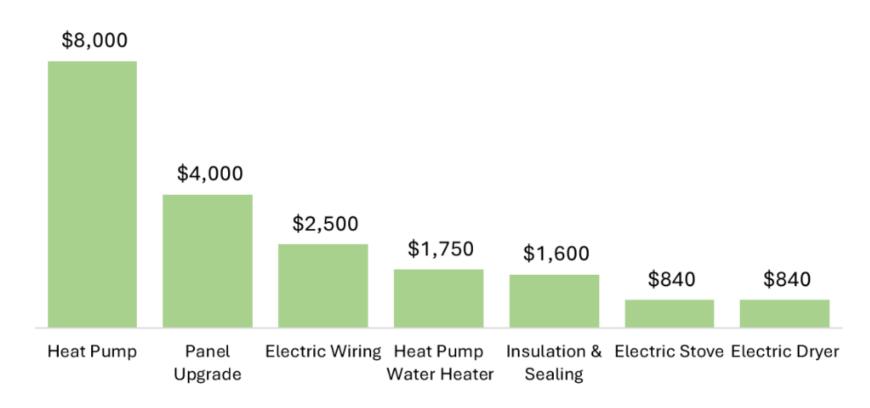
- Provides up to \$1,200/year for efficiency improvements (windows, doors, sealing, panel upgrades) at \$600 per project
- Provides \$2,000 for air-source heat pump or HPWH
- Credit is annual over 10-year period, but not refundable

#### New Energy-Efficiency Home Credit (45L)

- Provides developers between \$2,500 \$5,000 to construct energy-efficient single-family homes
- Between \$500-\$1,000 per multifamily unit (\$2,500-\$5,000 with prevailing wage adder)

### HIGH-EFFICIENCY ELECTRIC HOME REBATE ACT (HEEHRA)[\$4.275 BILLION] . Point-of-sale

Max Point-of-Sale Rebate Amounts Per Upgrade (Dollars)



- Point-of-sale electrification rebate program expiring in 2031
- Specifically for low- andmiddle income homeowners and renters; applies to single and multifamily households
- Covers 100 percent of costs for low-income earners, 50 percent for middle income (includes installation costs)
- Maximum rebate per household is \$14,000
- Contractors entitled to \$500 rebate

Source: Inflation Reduction Act Section 50122 | Analysis: Atlas Public Policy

### ELIGIBLE FEDERAL GRANT FUNDING FOR RESIDENTIAL ELECTRIFICATION

Total: \$49 billion

Inflation Reduction Act: \$35.6 billion

Infrastructure Investment and Jobs Act: \$2.8 billion

FY22 Annual Appropriations: \$10.6 billion

### PANEL UPGRADES LIKELY NECESSARY FOR MOST HOMES

HVAC appliance replacements have second-highest load impact on home capacity, after electric vehicles

200-amp panel necessary to fully electrify home; average allfossil home panel is 100 amps

35-40 million homes in the U.S. can electrify everything without a panel upgrade; 48 million homes will require a larger panel



# STATE & LOCAL DEVELOPMENTS

### 2022 WAS A WATERSHED YEAR FOR ELECTRIFICATION ORDINANCES

Statewide Electrification Ordinances:

Washington State, California, [Washington, DC]

Local Electrification
Ordinances:

New York City, Los Angeles, San Diego, Marin County, Montgomery County, 10-City Mass Pilot, Crested Butte

These policies authorize jurisdictions to prohibit the use of gas or delivered fuels in new construction, or otherwise require electric appliances be installed in new builds starting at specified enactment dates. This could apply to space heating, water heating, cooking, or any combination.

#### STATE EFFORTS TO DEPLOY RESIDENTIAL HEAT PUMPS

**WA:** Building Electrification Grant Program (\$9.7 million)

**CO:** Property/Sales Tax Exemptions for Heat Pumps; High Efficiency Electric Heating and Appliances <u>Grant Program</u> (\$10.85 million); Geothermal Energy <u>Grant Program</u> (\$12 million)

**NY:** Geothermal Heat Pump <u>Tax Credit</u> (25%, Up to \$5,000)

CA: California Electric Homes <a href="Program">Program</a> (\$75 million); <a href="BUILD">BUILD</a> program (\$80 million)

MA: Triple Decker Retrofit Pilot (\$2.2 million)

Consolidated Edison (Structure to change): Up to \$25,000 for 5-ton geothermal system (\$5k/ton, +30% in West Chester)

MassSave: \$10,000 for air source/\$15,000 for groundsource

UTILITY REBATES

PLAY MAJOR

RESIDENTIAL

ELECTRIFICATION

**ROLE IN** 

Commonwealth Edison: \$6,000 for groundsource heat pump/\$2,000 for air source

LA Dept of Water & Power: Up to \$3,000 for central heat pump

Efficiency Trust Maine: Up to \$2,400 for heat pumps

Puget Sound Energy: \$1,500 for air-source heat pump

### WORKFORCE DEVELOPMENT CRUCIAL TO NATIONWIDE BUILDING ELECTRIFICATION



Without skilled heat pump workforce, full-scale electrification will be challenging



**Key leaders:** Elevate, Dandelion Energy, BlocPower, Egg Geothermal, Sealed



**Estimated \$11.2 billion** eligible through IRA and IIJA to build green building workforce

Source: UCLA Luskin Center, 2019; Atlas Buildings Hub



APRIL 11-13 2023



Learn more: betterbuildingssolutioncenter.energy.gov/summit



### **Explore the Residential Program Guide**

Resources to help improve your program and reach energy efficiency targets:

- Handbooks explain why and how to implement specific stages of a program.
- Quick Answers provide answers and resources for common questions.
- Proven Practices posts include lessons learned, examples, and helpful tips from successful programs.
- Technology Solutions NEW! present resources on advanced technologies, HVAC & Heat Pump Water Heaters, including installation guidance, marketing strategies, & potential savings.
- Health + Home Performance Infographic NEW! spark homeowner conversations.



https://rpsc.energy.gov





#### **Health + Home Performance Infographic**



DOF's new Health + Home Performance Infographic reveals the link between efficiency and health - something everyone cares about. Efficiency programs and contractors can use the question-and-answer format to discover a homeowner's needs.

The infographic is ideal for the "kitchen table" conversations where people decide what to do and who they want to do it. It also has links for homeowners to find a qualified contractor if they do not already have one.

**Download** this infographic from DOE's Better Buildings Residential Network.

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Please send any follow-up questions or future call topic ideas to:

bbresidentialnetwork@ee.doe.gov



